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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 12, 2011

Barclay Cuthbert
US Oil Sands (Utah), Inc.
Suite 950, 633 – 6th Avenue SW
Calgary, Alberta T2P 2Y5
Canada

Subject: Reclamation Surety Required for Amended Notice of Intention to Commence Small Mining Operations, US Oil Sands (Utah), Inc., Leonard Murphy No. 1 Mine, S/019/0059, Grand County, Utah

Dear Mr. Cuthbert:

On October 11, 2011, the Division of Oil, Gas and Mining received an amendment to the referenced Notice of Intention to Commence Small Mining Operations (NOI) increasing the size from five to ten acres. The NOI is complete **with the exception of the reclamation bonding requirement.** The reclamation surety is determined to be \$ 68,200.00, and the Division has received concurrence from the Trust Lands Administration for this amount. The surety amount was determined based on information in the following table:

Small Mine Operation Bond Calculation Worksheet S/019/0059 3-year escalation (2014)			
Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,900.00	\$7,900.00
Add'l Acres Disturbance	9	\$4,700.00	\$42,300.00
Add'l equipment mob	6	\$3,000.00	\$18,000.00
TOTAL -10 Acres			\$68,200.00

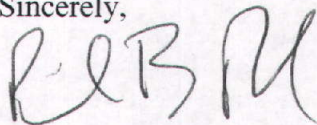
The Division currently holds a reclamation surety of \$32,100.00 in the form of a certificate of deposit (CD), so an additional \$36,100.00 is needed. A portion of this requirement could be met by including interest earned by the CD as part of the reclamation surety. Please submit the additional surety within the next 30 days. No additional mining related disturbance may be created until the surety is received and approved and you have received written acceptance from this office as well as other applicable agencies.

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The reclamation surety can be submitted in one of several forms, including, an irrevocable letter of credit, a certificate of deposit, cash or a surety bond for either the increased or total amount. Please contact Penny Berry at 801-538-5291 or by e-mail at bondcoordinator@utah.gov for assistance in completing this requirement.

Please contact me at 801-538-5261 or Leslie Heppler at 801-538-5257 if you have any questions regarding this letter. In reply please refer to file number S/019/0059. Thank you for your cooperation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. B. Baker', with a stylized flourish at the end.

Paul B. Baker
Minerals Program Manager

PBB:lah:eb

cc: SITLA - WStokes@utah.gov/enclosures
County - dgough@grand.state.ut.us

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